

# LIBRARY BULLETIN

## AND UNIFORM COMPLIANCE GUIDELINES ISSUED BY STATE BOARD OF ACCOUNTS

September 2020

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### FALL LIBRARY WORKSHOPS

The Library Bookkeeping Workshop hosted by the Indiana State Library is scheduled for November 5 and November 10. Please contact the Indiana State Library for registration. We will be discussing year-end duties, monthly and annual uploads, and SBOA audits in a virtual world.

### UNCLAIMED PROPERTY - UNPAID CHECKS

For warrants or checks drawn by the Auditor of State or from public funds of a library, if the check or warrant is outstanding and unpaid, an agreement to locate and recover the warrant or check is valid only if:

- (1) the fee or compensation agreed upon is not more than ten percent (10%) of the amount collected unless the amount collected is fifty dollars (\$50) or less;
- (2) the agreement is in writing;
- (3) the agreement is signed by the apparent owner; and
- (4) the agreement clearly sets forth:
  - (A) the nature and value of the property; and
  - (B) the value of the apparent owner's share after the fee or compensation has been deducted. (IC 5-11-10.5-7 and IC 32-34-1)

### DISHONORED CHECKS

IC 36-1-8-13 provides a library that is unable to obtain payment of a dishonored check shall, not later than ninety (90) days after the check is initially received, refer the matter to the Prosecuting Attorney for the county where the dishonored check was received for prosecution.

### UNEMPLOYMENT CLAIMS

Each unemployment claim received should be carefully reviewed to make sure that the claim is proper. Protests should be filed when considered necessary.

According to the Indiana Department of Workforce Development Unemployment Insurance Employer Handbook (Revised 1/10/2020), page 47 and 48:

“Whenever an individual files an initial claim for benefits, their last employer and all of their base period employers are notified and asked to verify the reason for the claimant’s unemployment. This notifies the organization that its experience account may be charged. Employers that have elected to participate in the State Information Data Exchange System (SIDES) or SIDES E-Response can respond to these notices electronically. SIDES allows employers to exchange UI separation information with DWD electronically...If the organization is not signed up for electronic notice and response (SIDES), it may then use state form 640P to protest a claimant’s eligibility for benefits. The information the organization provides on this form could affect the claimant’s eligibility or any charges to the employer’s experience account for benefits paid. Form 640P is available online at [www.in.gov/dwd/2465.htm](http://www.in.gov/dwd/2465.htm)...

Employers have a duty to prevent unemployment benefits from being paid if the claimant is not entitled to receive benefits. To prevent benefits from being paid in error, the organization must respond electronically, or submit Form 640P, if a former employee seeking unemployment benefits is unemployed because that person:

- Quit voluntarily or was absent for unknown reasons
- Was discharged for just cause (see Section VII)
- Was discharged for gross misconduct (see Section VII)
- Is not entitled to ANY pay or benefits from the organization;
- Is ineligible for any reason listed in this handbook.”

For purposes of the Unemployment Compensation System, IC 22-4-8-2(i)(1) and (2) defines employment to include service performed -

“(1)...by an individual in the employ of this state or any of its instrumentalities (or in the employ of this state and one (1) or more other states or their instrumentalities) for a hospital or eligible postsecondary educational institution located in Indiana.

(2)... by an individual in the employ of this state or a political subdivision of the state or any instrumentality of the state or a political subdivision, or any instrumentality which is wholly owned by the state and one (1) or more other states or political subdivisions...

However, service performed...as the following is excluded:

- (A) An elected official.
- (B) A member of a legislative body or of the judiciary of a state or political subdivision.
- (C) A member of the state national guard or air national guard.
- (D) An employee serving on a temporary basis in the case of fire, snow, storm, earthquake, flood, or similar emergency.
- (E) An individual in a position which, under the laws of the state, is designated as: (i) a major nontenured policymaking or advisory position; or (ii) a policymaking or advisory position the performance of the duties of which ordinarily does not require more than eight (8) hours per week.”

### **PUBLIC NOTICE ADVERTISING - POSTING NOTICES**

The requirements for posting public notices can be found in IC 5-3-1-4.

Whenever officers of a library are required to publish a notice affecting the library, they shall publish the notice in two (2) newspapers published in the district served by the library.

If there is only one (1) newspaper published in a district served by a library, then publication of notices in that newspaper alone is sufficient. If no newspaper is published in the district served by a library, then publication shall be made in a newspaper published in the county in which the library is located and that circulates within the district served by the library.

IC 5-3-1-2(j) provides if any officer charged with the duty of publishing any notice required by law is unable to procure advertisement:

- (1) at the price fixed by law;
- (2) because the newspaper refuses to publish the advertisement; or
- (3) because the newspaper refuses to post the advertisement on the newspaper's Internet web site (if required under section IC 5-3-1-1.5);

it is sufficient for the officer to post printed notices in three (3) prominent places in the area served by the library, instead of publication of the notice in the newspapers and on an Internet web site (if required under IC 5-3-1-1.5).

### **FIELD EXAMINER IDENTIFICATION**

Whenever you are contacted by a person requesting records who holds themselves out to be a Field Examiner of the State Board of Accounts, and you are not certain of their identity, you should request further identification. All Field Examiners of the State Board of Accounts have been issued a picture identification for this purpose. If you are uncertain whether an individual is a Field Examiner of the State Board of Accounts, you can request to see their identification (which could be scanned and emailed to you in a remote audit situation) and/or contact the central office for confirmation at (317) 232-2513 or [libraries@sboa.in.gov](mailto:libraries@sboa.in.gov).

### **OFFICIAL BONDS – AMOUNTS**

IC 36-12-2-22 provides the library Treasurer shall give a surety bond in an amount determined by the library board. It is recommended that the amount of such a bond be at least \$15,000.

### **OFFICIAL BONDS – FILING**

IC 36-12-2-22 provides a Treasurer's bond be payable to the State of Indiana, approved by the library board, and deposited in the office of the recorder of the county in which the library district is located.



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**MEMORANDUM**

TO: Counties, Cities, Towns, Townships, Libraries, and Special Districts  
FROM: Debbie Gibson, CPA, CFE Director of Audit Services  
RE: Financial Reporting and Reimbursement Procedures for CARES Funding  
DATE: August 10, 2020

Dear Officials:

The Federal CARES Act Funds are considered other federal financial assistance. \$300,000,000 of these funds have been allocated to Indiana Counties, Cities and Towns (each a "Participant") through the Indiana Finance Authority (IFA) Coronavirus Relief Fund Program. Each Participant must account for CARES Act Funds in accordance with the State Board of Accounts Memorandum titled *COVID Grant Accounting and Appropriations*, dated April 29, 2020 and in accordance with this additional guidance.

For each reimbursement request, each Participant will be making certain certifications, representations, warranties and agreements for which the Participant will be fully and legally responsible, regardless of whether such request is made on behalf of the Participant or another political subdivision.

Each Participant is considered a sub-recipient of IFA for CARES Act Funds received through the Coronavirus Relief Fund Program and is subject to all requirements of the federal financial assistance program.

The Coronavirus Relief Fund Program transactions, including reimbursements passed through to another political subdivision, must be accounted for in a separate fund (please see April 29, 2020 memo) and reported on the Participant's Schedule of Expenditures of Federal Awards (SEFA). Any funds passed through to another political subdivision by the Participant will be shown as pass-through on the Participant's SEFA.

Because only Counties, Cities and Towns are eligible to be a Participant, each Participant may allocate funds for the use of other political subdivisions. Townships seeking reimbursement for eligible expenses should coordinate with their county government. Other political subdivisions should coordinate with their enabling body.

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### **Financial Reporting**

When a Participant allocates CARES Act Funds to another political subdivision in accordance with IFA guidance, the Participant will be considered a Pass-through Agency for that political subdivision; the political subdivision will be considered a sub-recipient of the Participant.

Both the Participant and the other political subdivision are subject to all requirements of the program, but the Participant will be held fully and legally responsible for all transactions to the IFA.

Just as the Participant must account for the coronavirus relief fund program in a separate fund, so must the other political subdivision account for all coronavirus relief fund program transactions in a separate fund. (please see April 29, 2020 memo).

The other political subdivision must also report the activity on their Schedule of Expenditures of Federal Awards (SEFA). Guidance should be provided to the other political subdivision by the Participant that these are Federal funds and should be included on that unit's SEFA.

According to the Coronavirus Relief Fund Frequently Asked Questions located at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf> the proper name and CFDA number to use on the SEFA is Coronavirus Relief Fund, CFDA Number 21.019.

Each Participant and other political subdivision should have internal controls in place to ensure that the reimbursements and related expenses are posted to the separate fund and accurately reported on the SEFA.

### **Agreement between Participant and Other Political Subdivisions**

For proper supporting documentation and internal control the Participant and other political subdivisions should have in place a written agreement.

Such an agreement should set out the responsibilities of each party and include provisions in the event that a request for reimbursement is denied or later determined unallowable.

This is especially important for the Participant as the Participant is responsible to IFA for any monies that are determined unallowable, including those disbursed to the other political subdivision.

The agreement should clearly state that the political subdivision is a sub-recipient, that the reimbursements are federal assistance and subject to the Single Audit Act, and that the reimbursements must be included in the SEFA. The agreement should provide the federal program name and CFDA number.

It should include any other provisions as required by IFA and Federal provisions as noted in 2 CFR 200.331.

Requirements under CARES Act also specifically mention internal control requirements found under 2 CFR 200.303 which you should already be familiar with through SBOA's Internal Control Manual and training.

Other items to consider for the agreement: Maintenance of documentation, expected communication and what form the communication will be in, will warrants be electronic or paper, etc.

The agreement should be approved by both entities' governing bodies.

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## **Reimbursements**

Internal Controls should be developed by the Participant to ensure that all reimbursement requests are reviewed for compliance with the terms of program, are made on a timely basis, and contain all of the proper forms, documentation, and certifications required by IFA.

When the Participant processes the reimbursement requests for another political subdivision, the Participant must review all claims for reimbursement submitted by a political subdivision for compliance with the grant terms and for sufficient supporting documentation. The Participant is responsible for completing the request for reimbursement to the IFA along with the proper forms, documentation, and certifications. The Participant must maintain all documentation submitted on the behalf of a political subdivision in such a way that it is easily identifiable with that political subdivision. The Participant will be held fully and legally responsible for all certifications, representations, warranties, and agreements related to the requests for reimbursement.

Reimbursement received from IFA will be made directly to the Participant and must be deposited with the fiscal officer of the Participant in compliance with IC 5-13-6-1. This is the case regardless if the reimbursement is for the Participant or on behalf of another political subdivision.

Internal Controls should be established to ensure that the reimbursement received matches the request and supporting documentation submitted.

If IFA declines all or part of a reimbursement request, this documentation should also be maintained and would be part of the matching reconciliation.

Reimbursements received by the Participant on behalf of another political subdivision must be remitted to that political subdivision by warrant of the Participant.

The Participant must remember that the money that is reimbursed to the other political subdivision is actually a disbursement of the Participant's own funds and so the Participant should follow the appropriate disbursement process which would include verification that the disbursement has proper supporting documentation (receipts for reimbursement, agreement between the two entities, etc.). This would also require proper claims processing, including approval by the governing body. The claim document would be filled out by the Participant based on receipts received from the political subdivision and the reimbursement documentation received from IFA.

If the Participant has denied any of the political subdivision's reimbursement request or IFA has denied any of the political subdivision's reimbursement request, the Participant must communicate the denial to the political subdivision and maintain the documentation of the denial.

The accounting for these funds are contingent to some degree on federal requirements which have been evolving. However, if you remember the basics for accountability and transparency as you would any of your other funds, the utilization of processes that are already in place, including but not limited to: audit of claims, approval procedures, separately identifying and documenting financial activity when there are specific requirements, etc., you will always have the important basics covered.

If you have any questions please do not hesitate to contact the SBOA director that specializes in your unit.